

Adopted	Rejected
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COMMITTEE REPORT

YES:	20
NO:	0

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred Senate Bill 329, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

1 Page 1, between the enacting clause and line 1, begin a new
2 paragraph and insert:
3 "SECTION 1. IC 5-10.2-1-8, AS AMENDED BY P.L.88-2005,
4 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2008]: Sec. 8. (a) ~~Except as provided in subsection (b);~~ **For**
6 **a member of:**
7 **(1) the Indiana state teachers' retirement fund; or**
8 **(2) the public employees' retirement fund who retires before**
9 **January 1, 2009;**
10 "vested status" as used in this article means the status of having ten
11 (10) years of creditable service.
12 **(b) For a member of the public employees' retirement fund who**
13 **retires after December 31, 2008, "vested status" as used in this**

1 **article means the status of having at least eight (8) years of**
 2 **creditable service.**

3 ~~(b)~~ (c) In the case of a person who is an elected county official
 4 whose governing body has provided for the county official's
 5 participation in the public employees' retirement fund under
 6 IC 5-10.3-7-2(1), "vested status" means the status of having:

7 (1) at least eight (8) years of creditable service as an elected
 8 county official in an office described in IC 5-10.2-4-1.7;

9 (2) been elected at least two (2) times if the person would have
 10 had at least eight (8) years of creditable service as an elected
 11 county official in an office described in IC 5-10.2-4-1.7 had the
 12 person's term of office not been shortened under a statute enacted
 13 under Article 6, Section 2(b) of the Constitution of the State of
 14 Indiana; or

15 (3) **after December 31, 2008**, at least ~~ten (10)~~ **eight (8)** years of
 16 creditable service as a member of the fund based on a
 17 combination of service as an elected county official and as a
 18 full-time employee in a covered position.

19 ~~(c)~~ (d) In the case of a person whose term of office commences after
 20 the election on November 5, 2002, as Auditor of State, Secretary of
 21 State, or Treasurer of State, and who is prohibited by Article 6, Section
 22 1 of the Constitution of the State of Indiana from serving in that office
 23 for more than eight (8) years during any period of twelve (12) years,
 24 that person shall be vested with at least eight (8) years of creditable
 25 service as a member of the fund.

26 SECTION 2. IC 5-10.2-3-1.2 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1.2. (a) **After**
 28 **December 31, 2008**, a member who has earned at least:

29 **(1) eight (8) years of service in a position covered by PERF; or**

30 **(2) ten (10) years of service in a position covered by ~~PERF~~, TRF**
 31 **or a combination of the two (2) funds;**

32 may purchase one (1) year of service credit for each five (5) years of
 33 service that the member has completed in a position covered by PERF
 34 or TRF.

35 (b) Before a member retires, a member who desires to purchase
 36 additional service credit under subsection (a) must contribute to the
 37 fund as follows:

38 (1) Contributions that are equal to the product of the following:

- 1 (A) The member's salary at the time the member actually
2 makes a contribution for the service credit.
- 3 (B) A rate, determined by the actuary for the fund, that is
4 based on the age of the member at the time the member
5 actually makes a contribution for the service credit and
6 computed to result in a contribution amount that approximates
7 the actuarial present value of the benefit attributable to the
8 service credit purchased.
- 9 (C) The number of years of service credit the member intends
10 to purchase.
- 11 (2) Contributions for any accrued interest, at a rate determined by
12 the actuary for the fund, for the period from the member's initial
13 membership in the fund to the date payment is made by the
14 member.
- 15 (c) The following apply to the purchase of service credit under this
16 section:
- 17 (1) The board may allow a member to make periodic payments of
18 the contributions required for the purchase of service credit. The
19 board shall determine the length of the period during which the
20 payments must be made.
- 21 (2) The board may deny an application for the purchase of service
22 credit if the purchase would exceed the limitations under Section
23 415 of the Internal Revenue Code.
- 24 (3) A member may not claim the service credit for the purpose of
25 computing benefits unless the member has made all payments
26 required for the purchase of the service credit.
- 27 (4) To the extent permitted by the Internal Revenue Code and
28 applicable regulations, a member may purchase service credit
29 under this section by a rollover distribution to the fund from any
30 of the following:
- 31 (A) A qualified plan described in Section 401(a) or Section
32 403(a) of the Internal Revenue Code.
- 33 (B) An annuity contract or account described in Section 403(b)
34 of the Internal Revenue Code.
- 35 (C) An eligible plan that is maintained by a state, a political
36 subdivision of a state, or an agency or instrumentality of a state
37 or political subdivision of a state under Section 457(b) of the
38 Internal Revenue Code.

1 (D) An individual retirement account or annuity described in
 2 Section 408(a) or Section 408(b) of the Internal Revenue
 3 Code.

4 (d) A member who terminates employment before satisfying the
 5 eligibility requirements necessary to receive a monthly benefit may
 6 withdraw the purchase amount, plus accumulated interest, after
 7 submitting a properly completed application for a refund to the fund.
 8 However, the member must also apply for a refund of the member's
 9 entire annuity savings account under section 6 of this chapter to be
 10 eligible for a refund of the member's rollover amount.

11 (e) For a member who is a state employee, the employer may pay all
 12 or a part of the member contributions required for the purchase of
 13 service credit under this section. In that event, the actuary shall
 14 determine the amortization, and subsections (c)(1), (c)(3), (c)(4), and
 15 (d) do not apply.

16 (f) For a member who is an employee of a participating political
 17 subdivision, the employer may adopt an ordinance to pay all or a part
 18 of the member contributions required for the purchase of service credit
 19 under this section. In that event, the actuary shall determine the
 20 amortization, and subsections (c)(1), (c)(3), (c)(4), and (d) do not
 21 apply.

22 SECTION 3. IC 5-10.2-4-1 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. (a) This subsection
 24 applies to:

- 25 (1) members of the public employees' retirement fund who retire
 26 before July 1, 1995; and
- 27 (2) members of the Indiana state teachers' retirement fund who
 28 retire before May 2, 1989.

29 A member who has reached age sixty-five (65) and has at least ten (10)
 30 years of creditable service is eligible for normal retirement.

31 (b) This subsection applies to members of the Indiana state teachers'
 32 retirement fund who retire after May 1, 1989, and to members of the
 33 public employees' retirement fund who retire after June 30, 1995, **and**
 34 **before January 1, 2009**, except as provided in section 1.7 of this
 35 chapter. A member is eligible for normal retirement if:

- 36 (1) the member is at least sixty-five (65) years of age and has at
 37 least ten (10) years of creditable service;
- 38 (2) the member is at least sixty (60) years of age and has at least

1 fifteen (15) years of creditable service; or

2 (3) the member's age in years plus the member's years of service
3 is at least eighty-five (85) and the member is at least fifty-five
4 (55) years of age.

5 **(c) This subsection applies to a member of the public employees'**
6 **retirement fund who retires after December 31, 2008. A member**
7 **is eligible for normal retirement if:**

8 **(1) the member is at least sixty-five (65) years of age and has**
9 **at least eight (8) years of creditable service;**

10 **(2) the member is at least sixty (60) years of age and has at**
11 **least fifteen (15) years of creditable service; or**

12 **(3) the member's age in years plus the member's years of**
13 **service is at least eighty-five (85) and the member is at least**
14 **fifty-five (55) years of age.**

15 ~~(c)~~ **(d)** A member who has reached age fifty (50) and has at least
16 fifteen (15) years of creditable service is eligible for early retirement
17 with a reduced pension.

18 ~~(d)~~ **(e)** A member who is eligible for normal or early retirement is
19 entitled to choose a retirement date on which the member's benefit
20 begins if the following conditions are met:

21 (1) The application for retirement benefits and the choice of the
22 date is filed on a form provided by the board.

23 (2) The date must be after the cessation of the member's service
24 and be the first day of a month.

25 (3) The retirement date is not more than six (6) months before the
26 date the application is received by the board. However, if the
27 board determines that a member is incompetent to file for benefits
28 and choose a retirement date, the retirement date may be any date
29 that is the first of the month after the time the member became
30 incompetent.

31 SECTION 4. IC 5-10.2-4-1.7, AS AMENDED BY P.L.88-2005,
32 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33 JULY 1, 2008]: Sec. 1.7. (a) This section applies only to members of
34 the public employees' retirement fund who retire after June 30, 2002.

35 (b) A member is eligible for normal retirement after becoming
36 sixty-five (65) years of age if the member:

37 (1) has:

38 (A) served as an elected county official in an office described

1 in Article 6, Section 2 of the Constitution of the State of
 2 Indiana for at least eight (8) years; or
 3 (B) been elected at least two (2) times and would have served
 4 at least eight (8) years as an elected county official in an office
 5 described in Article 6, Section 2 of the Constitution of the
 6 State of Indiana had the member's term of office not been
 7 shortened under a statute enacted under Article 6, Section 2(b)
 8 of the Constitution of the State of Indiana; and
 9 (2) is prohibited by Article 6, Section 2 of the Constitution of the
 10 State of Indiana from serving in that office for more than eight (8)
 11 years in any period of twelve (12) years.

12 (c) A member who:

- 13 (1) has served as an elected county official; and
- 14 (2) does not meet the requirements of subsection (b);

15 is eligible for normal retirement if the member has attained vested
 16 status (as defined in IC ~~5-10.2-1-8(b)(3)~~ **IC 5-10.2-1-8(c)(3)**) and
 17 meets the requirements of section 1 of this chapter.

18 SECTION 5. IC 5-10.3-3-1, AS AMENDED BY P.L.62-2005,
 19 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 JULY 1, 2008]: Sec. 1. (a) The board is composed of six (6) trustees.

21 (b) Five (5) of the trustees shall be appointed by the governor, as
 22 follows:

23 (1) One (1) must be a member of the fund with at least ~~ten (10)~~
 24 **eight (8)** years of creditable service.

25 (2) Not more than three (3) may be members of the same political
 26 party.

27 (3) One (1) must be:

28 (A) a:

- 29 (i) member of the fund or retired member of the fund; or
- 30 (ii) member of a collective bargaining unit of state
 31 employees represented by a labor organization; or

32 (B) an individual who is:

- 33 (i) an officer or a member of a local, a national, or an
 34 international labor union that represents state or university
 35 employees; and
- 36 (ii) an Indiana resident.

37 (c) The director of the budget agency or the director's designee is an
 38 ex officio voting member of the board. An individual appointed under

- 1 this subsection to serve as the director's designee:
- 2 (1) is subject to the provisions of section 3 of this chapter; and
- 3 (2) serves as a permanent designee until replaced by the director.
- 4 (d) The governor shall fill by appointment vacancies on the board
- 5 in the manner described in subsection (b).
- 6 (e) In making the appointments under subsection (b)(1) or (b)(2),
- 7 the governor may consider whether at least one (1) trustee is a retired
- 8 member of the fund under subsection (b)(3)(A)(i).
- 9 SECTION 6. IC 5-10.3-6-8 IS AMENDED TO READ AS
- 10 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 8. (a) As used in this
- 11 section, "withdrawing political subdivision" means a political
- 12 subdivision that takes an action described in subsection (b).
- 13 (b) Subject to the provisions of this section, a political subdivision
- 14 may do the following:
- 15 (1) Stop its participation in the fund and withdraw all of the
- 16 political subdivision's employees from participation in the fund.
- 17 (2) Withdraw a departmental, an occupational, or other definable
- 18 classification of employees from participation in the fund.
- 19 (3) Stop the political subdivision's participation in the fund by:
- 20 (A) selling all of the political subdivision's assets; or
- 21 (B) ceasing to exist as a political subdivision.
- 22 (c) The withdrawal of a political subdivision's participation in the
- 23 fund is effective on a termination date established by the board. The
- 24 termination date may not occur before all of the following have
- 25 occurred:
- 26 (1) The withdrawing political subdivision has provided written
- 27 notice of the following to the board:
- 28 (A) The withdrawing political subdivision's intent to cease
- 29 participation.
- 30 (B) The names of the withdrawing political subdivision's
- 31 current employees and former employees as of the date on
- 32 which the notice is provided.
- 33 (2) The expiration of:
- 34 (A) a ninety (90) day period following the filing of the notice
- 35 with the board, for a withdrawing political subdivision that
- 36 sells all of the withdrawing political subdivision's assets or that
- 37 ceases to exist as a political subdivision; or
- 38 (B) a two (2) year period following the filing of the notice with

1 the board, for all other withdrawing political subdivisions.

2 (3) The withdrawing political subdivision takes all actions
3 required in subsections (d) through (h).

4 (d) With respect to retired members who have creditable service
5 with the withdrawing political subdivision, the withdrawing political
6 subdivision must contribute to the fund any additional amounts that the
7 board determines are necessary to provide for reserves with sufficient
8 assets to pay all future benefits from the fund to those retired members.
9 The contribution by the withdrawing political subdivision must be
10 made in a lump sum or in a series of payments determined by the
11 board.

12 (e) A member who is an employee of the political subdivision as of
13 the date of the notice under subsection (c) is vested in the pension
14 portion of the member's retirement benefit. The withdrawing political
15 subdivision must contribute to the fund the amount the board
16 determines is necessary to fund fully the vested benefit. The
17 contribution by the withdrawing political subdivision must be made in
18 a lump sum or in a series of payments determined by the board.

19 (f) A member who is covered by subsection (e) and who is at least
20 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even
21 if the member has fewer than ~~ten (10)~~ **eight (8)** years of service. The
22 benefit for the member shall be computed under IC 5-10.2-4-4 using
23 the member's actual years of service.

24 (g) With respect to members of the fund who have creditable service
25 with the withdrawing political subdivision and who are not employees
26 as of the date of the notice under subsection (c), the withdrawing
27 political subdivision must contribute the amount that the board
28 determines is necessary to fund fully the service for those members that
29 is attributable to service with the withdrawing political subdivision.
30 The contribution by the withdrawing political subdivision must be
31 made in a lump sum or in a series of payments determined by the
32 board.

33 (h) The board shall evaluate each withdrawal under this section to
34 determine if the withdrawal affects the fund's compliance with Section
35 401(a)(4) of the Internal Revenue Code of 1954, as in effect on
36 September 1, 1974. The board may deny a political subdivision
37 permission to withdraw if the denial is necessary to achieve compliance
38 with Section 401(a)(4) of the Internal Revenue Code of 1954, as in

1 effect on September 1, 1974.

2 SECTION 7. IC 5-10.3-6-8.5 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 8.5. (a) This section
4 only applies if:

5 (1) certain employees of a state university in a departmental,
6 occupational, or other definable classification involved in health
7 care are terminated from employment with the state university as
8 a result of:

9 (A) a lease or other transfer of university property to a
10 nongovernmental entity; or

11 (B) a contractual arrangement with a nongovernmental entity
12 to perform certain state university functions;

13 (2) the state university requests coverage under this section from
14 the board; and

15 (3) the board approves the request.

16 (b) The withdrawal of the employees described in subsection (a)
17 from the fund is effective on a termination date established by the
18 board. The board may not establish a termination date that occurs
19 before all of the following have occurred:

20 (1) The state university has requested coverage under this section
21 and provided written notice of the following to the board:

22 (A) The intent of the state university to terminate the
23 employees from employment.

24 (B) The names of the terminated employees as of the date that
25 the termination is to occur.

26 (2) The expiration of a thirty (30) day period following the filing
27 of the notice with the board.

28 (3) The state university fully complies with subsection (c).

29 (c) A member who is an employee of the state university described
30 in subsection (a) as of the date of the notice under subsection (b) and
31 who is listed in the notice under subsection (b) is vested in the pension
32 portion of the member's retirement benefit. The state university must
33 contribute to the fund the amount the board determines is necessary to
34 completely fund the vested benefit. The contribution by the state
35 university must be made in a lump sum or in a series of payments
36 determined by the board.

37 (d) A member who is covered by subsection (c) and who is at least
38 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even

1 if the member has less than ~~ten (10)~~ **eight (8)** years of service. The
 2 benefit for the member shall be computed under IC 5-10.2-4-4 using
 3 the member's actual years of creditable service.

4 (e) The board shall evaluate each withdrawal under this section to
 5 determine if the withdrawal affects the fund's compliance with Section
 6 401(a) of the Internal Revenue Code of 1954, as in effect on September
 7 1, 1974. The board may deny an employee permission to withdraw if
 8 the denial is necessary to achieve compliance with Section 401(a) of
 9 the Internal Revenue Code of 1954, as in effect on September 1, 1974.

10 SECTION 8. IC 5-10.3-6-8.9, AS ADDED BY P.L.158-2006,
 11 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JULY 1, 2008]: Sec. 8.9. (a) This section applies when certain
 13 employees of the state in particular departmental, occupational, or
 14 other definable classifications are terminated from employment with
 15 the state as a result of:

16 (1) a lease or other transfer of state property to a nongovernmental
 17 entity; or

18 (2) a contractual arrangement with a nongovernmental entity to
 19 perform certain state functions.

20 (b) The governor shall request coverage under this section from the
 21 board whenever an employee of the state is terminated as described in
 22 subsection (a).

23 (c) The board must approve a request from the governor under
 24 subsection (b) unless approval violates subsection (k), federal or state
 25 law, or the terms of the fund.

26 (d) As used in this section, "early retirement" means a member is
 27 eligible to retire with a reduced pension under IC 5-10.2-4-1, because
 28 the member:

29 (1) is at least fifty (50) years of age; and

30 (2) has at least fifteen (15) years of creditable service.

31 (e) As used in this section, "normal retirement" means a member is
 32 eligible to retire under IC 5-10.2-4-1, because:

33 (1) the member is at least sixty-five (65) years of age and has at
 34 least ~~ten (10)~~ **eight (8)** years of creditable service;

35 (2) the member is at least sixty (60) years of age and has at least
 36 fifteen (15) years of creditable service; or

37 (3) the member's age in years plus the member's years of service
 38 is at least eighty-five (85) and the member is at least fifty-five

- 1 (55) years of age.
- 2 (f) The withdrawal of the employees described in subsection (a)
- 3 from the fund is effective on a termination date established by the
- 4 board. The board may not establish a termination date that occurs
- 5 before all of the following have occurred:
- 6 (1) The governor has requested coverage under this section and
- 7 provided written notice of the following to the board:
- 8 (A) The intent of the state to terminate the employees from
- 9 employment.
- 10 (B) The names of the terminated employees as of the date that
- 11 the termination is to occur.
- 12 (2) The expiration of a thirty (30) day period following the filing
- 13 of the notice with the board.
- 14 (3) The state complies with subsections (g) and (i).
- 15 (g) A member who:
- 16 (1) is an employee of the state described in subsection (a) with at
- 17 least twenty-four (24) months of creditable service as of the date
- 18 of the notice under subsection (f); and
- 19 (2) is listed in the notice under subsection (f);
- 20 is vested in the pension portion of the member's retirement benefit. The
- 21 state must contribute to the fund the amount the board determines is
- 22 necessary to completely fund the vested benefit. The contribution by
- 23 the state must be made in a lump sum or in a series of payments
- 24 determined by the board. The benefit for the member shall be
- 25 computed under IC 5-10.2-4-4 using the member's actual years of
- 26 creditable service.
- 27 (h) A member who is covered by subsection (g) and who is at least
- 28 sixty-five (65) years of age as of the date of the notice under subsection
- 29 (f) may elect to retire under IC 5-10.2-4-1 even if the member has less
- 30 than ~~ten (10)~~ **eight (8)** years of service. The benefit for the member
- 31 shall be computed under IC 5-10.2-4-4 using the member's actual years
- 32 of creditable service.
- 33 (i) A member who is covered by subsection (f) and who, as of the
- 34 date of the notice under subsection (f), is less than twenty-four (24)
- 35 months from being eligible for normal or early retirement under
- 36 IC 5-10.2-4-1 may elect to retire by purchasing the service credit
- 37 needed for retirement under the following conditions:
- 38 (1) The state shall contribute to the fund an amount determined

under IC 5-10.2-3-1.2 and payable from the sources described in subsection (j) sufficient to pay the member's contributions required for the member's purchase of the service credit the member needs to retire.

(2) The maximum amount of creditable service that the state may purchase for a member under this subsection is twenty-four (24) months.

(3) The benefit for the member shall be computed under IC 5-10.2-4-4 using the member's actual years of creditable service plus all other service for which the fund gives credit, including the creditable service purchased under this subsection.

(j) The amounts that the state is required to contribute to the fund under subsection (i) must come from the following sources:

(1) If the state receives monetary payments under the lease or contractual arrangement described in subsection (a), the proceeds of the monetary payments received by the state. The state may not require, as a condition of the transaction to transfer state property or have certain state functions performed by a nongovernmental entity, that the nongovernmental entity directly or indirectly pay the amounts that the state is required to contribute under subsection (i).

(2) If the state does not receive any monetary payments under the lease or contractual arrangement described in subsection (a), any remaining appropriations made to the state department, agency, or other entity terminating the employees described in subsection (a).

(3) If the sources described in subdivisions (1) and (2) do not fully fund the amounts that the state is required to contribute to the fund under subsection (i), the board shall request that the general assembly appropriate the amount necessary to fully fund the state's required contribution under subsection (i) in the next biennial state budget.

(k) The board shall evaluate each withdrawal under this section to determine if the withdrawal affects the fund's compliance with Section 401(a) of the Internal Revenue Code of 1954, as in effect on September 1, 1974. The board may deny an employee permission to withdraw if the denial is necessary to achieve compliance with Section 401(a) of the Internal Revenue Code of 1954, as in effect on September 1, 1974.

SECTION 9. IC 5-10.3-7-4.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 4.5. (a) As used in this section, "out-of-state service" means service in another state in a comparable position that would be creditable service if performed in Indiana.

(b) Subject to subsections (c) through (f), a member may purchase out-of-state service credit if the member meets the following requirements:

(1) The member has at least one (1) year of creditable service in the fund.

(2) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

(i) The member's salary at the time the member actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary of the fund, based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of out-of-state service the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

(3) The member has received verification from the fund that the out-of-state service is, as of that date, valid.

(c) Out-of-state years that qualify a member for retirement in an out-of-state system or in any federal retirement system may not be granted under this section.

(d) At least ~~ten (10)~~ **eight (8)** years of service in Indiana is required before a member may receive a benefit based on out-of-state service credits.

(e) A member who:

(1) terminates employment before satisfying the eligibility

1 requirements necessary to receive a monthly allowance; or

2 (2) receives a monthly allowance for the same service from
3 another tax supported public employee retirement plan other than
4 under the Social Security Act;

5 may withdraw the purchase amount plus accumulated interest after
6 submitting a properly completed application for a refund to the fund.

7 (f) The following apply to the purchase of service credit under this
8 section:

9 (1) The board may allow a member to make periodic payments of
10 the contributions required for the purchase of the service credit.
11 The board shall determine the length of the period during which
12 the payments must be made.

13 (2) The board may deny an application for the purchase of service
14 credit if the purchase would exceed the limitations under Section
15 415 of the Internal Revenue Code.

16 (3) A member may not claim the service credit for purposes of
17 determining eligibility or computing benefits unless the member
18 has made all payments required for the purchase of the service
19 credit.

20 SECTION 10. IC 5-10.3-7-4.6 IS AMENDED TO READ AS
21 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 4.6. (a) Subject to the
22 provisions of this section, a member may purchase service credit for
23 the member's prior service in a position covered by the 1925 police
24 pension fund under IC 36-8-6, the 1937 firefighters' pension fund under
25 IC 36-8-7, or the 1953 police pension fund under IC 36-8-7.5 if the
26 member meets the following requirements:

27 (1) The member has at least one (1) year of credited service in the
28 fund.

29 (2) The member has not attained vested status in and is not an
30 active member of the 1925 police pension fund, the 1937
31 firefighters' pension fund, or the 1953 police pension fund.

32 (3) Before the member retires, the member makes contributions
33 to the fund as follows:

34 (A) Contributions that are equal to the product of the
35 following:

36 (i) The member's salary at the time the member actually
37 makes a contribution for the service credit.

38 (ii) A rate, determined by the actuary of the fund, based on

1 the age of the member at the time the member actually
 2 makes a contribution for service credit and computed to
 3 result in a contribution amount that approximates the
 4 actuarial present value of the benefit attributable to the
 5 service credit purchased.

6 (iii) The number of years of service credit the member
 7 intends to purchase.

8 (B) Contributions for any accrued interest, at a rate determined
 9 by the actuary for the fund, for the period from the member's
 10 initial membership in the fund to the date payment is made by
 11 the member.

12 (4) The member has received verification from the fund that the
 13 service in the 1925 police pension fund, the 1937 firefighters'
 14 pension fund, or the 1953 police pension fund is, as of that date,
 15 valid.

16 (b) At least ~~ten (10)~~ **eight (8)** years of service in Indiana is required
 17 before a member may receive a benefit based on service credits
 18 purchased under this section.

19 (c) A member who:

20 (1) terminates employment before satisfying the eligibility
 21 requirements necessary to receive a monthly allowance; or

22 (2) receives a monthly allowance for the same service from
 23 another tax supported public employee retirement plan other than
 24 under the Social Security Act;

25 may withdraw the purchase amount plus accumulated interest after
 26 submitting a properly completed application for a refund to the fund.

27 (d) The following apply to the purchase of service credit under this
 28 section:

29 (1) The board may allow a member to make periodic payments of
 30 the contributions required for the purchase of the service credit.
 31 The board shall determine the length of the period during which
 32 the payments must be made.

33 (2) The board may deny an application for the purchase of service
 34 credit if the purchase would exceed the limitations under Section
 35 415 of the Internal Revenue Code.

36 (3) A member may not claim the service credit for purposes of
 37 determining eligibility or computing benefits unless the member
 38 has made all payments required for the purchase of the service

1 credit.

2 SECTION 11. IC 5-10.3-7-5 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 5. (a) A member who:

- 4 (1) enters the United States armed services;
- 5 (2) leaves ~~his~~ **the member's** contributions in the fund;
- 6 (3) except as provided in subsection (c), resumes service with ~~his~~
7 **the member's** employer within one hundred twenty (120) days
8 after ~~his~~ **the member's** unconditional discharge; and
- 9 (4) would be entitled to service credit for military service under
10 the Uniformed Services Employment and Reemployment Rights
11 Act (38 U.S.C. 4301 et seq.) if the member had resumed service
12 with the member's employer within ninety (90) days after
13 discharge;

14 is entitled to service credit for the armed service.

15 (b) A state employee who left employment before January 1, 1946,
16 or an employee of a political subdivision who left employment before
17 the participation date, to enter the United States armed services is
18 entitled to service credit for the armed service if ~~he~~ **the employee**:

- 19 (1) except as provided in subsection (c), resumes service with the
20 employer within one hundred twenty (120) days after ~~his~~ **the**
21 **employee's** unconditional discharge; and
- 22 (2) would be entitled to service credit for military service under
23 the applicable requirements of federal law in effect at the time of
24 reemployment if the employee had resumed service with the
25 employee's employer within ninety (90) days after discharge.

26 (c) The board shall extend the one hundred twenty (120) day
27 reemployment requirement contained in subsection (a)(3) or (b)(1) if
28 the board determines that an illness, an injury, or a disability related to
29 the member's military service prevented the member from resuming
30 employment within one hundred twenty (120) days after the member's
31 discharge from military service. However, the board may not extend the
32 deadline beyond thirty (30) months after the member's discharge.

33 (d) If a member retires and the board subsequently determines that
34 the member is entitled to additional service credit due to the extension
35 of a deadline under subsection (c), the board shall recompute the
36 member's benefit. However, the additional service credit may be used
37 only in the computation of benefits to be paid after the date of the
38 board's determination, and the member is not entitled to a

1 recomputation of benefits received before the date of the board's
2 determination.

3 (e) Notwithstanding any provision of this section, a member is
4 entitled to service credit and benefits in the amount and to the extent
5 required by the Uniformed Services Employment and Reemployment
6 Rights Act (38 U.S.C. 4301 et seq.).

7 (f) Subject to the provisions of this section, an active member may
8 purchase not more than two (2) years of service credit for the member's
9 service on active duty in the armed services if the member meets the
10 following conditions:

11 (1) The member has at least one (1) year of credited service in the
12 fund.

13 (2) The member serves on active duty in the armed services of the
14 United States for at least six (6) months.

15 (3) The member receives an honorable discharge from the armed
16 services.

17 (4) Before the member retires, the member makes contributions
18 to the fund as follows:

19 (A) Contributions that are equal to the product of the
20 following:

21 (i) The member's salary at the time the member actually
22 makes a contribution for the service credit.

23 (ii) A rate, determined by the actuary of the fund, that is
24 based on the age of the member at the time the member
25 actually makes a contribution for service credit and
26 computed to result in a contribution amount that
27 approximates the actuarial present value of the benefit
28 attributable to the service credit purchased.

29 (iii) The number of years of service credit the member
30 intends to purchase.

31 (B) Contributions for any accrued interest, at a rate determined
32 by the actuary of the fund, for the period from the member's
33 initial membership in the fund to the date payment is made by
34 the member.

35 However, a member is entitled to purchase service credit under this
36 subsection only to the extent that service credit is not granted for that
37 time under another provision of this section. At least ~~ten (10)~~ **eight (8)**
38 years of service in Indiana is required before a member may receive a

benefit based on service credits purchased under this section. A member who terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance or receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the federal Social Security Act may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(g) The following apply to the purchase of service credit under subsection (f):

(1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for purposes of determining eligibility or computing benefits unless the member has made all payments required for the purchase of the service credit."

Page 23, after line 12, begin a new paragraph and insert:

"SECTION 36. [EFFECTIVE JULY 1, 2008] (a) IC 5-10.2-3-1.2, as amended by this act, applies to a member of the public employees' retirement fund who purchases service credit after December 31, 2008.

(b) IC 5-10.3-3-1, as amended by this act, applies to appointments to the board of the public employees' retirement fund that are made after December 31, 2008.

(c) IC 5-10.3-6-8, IC 5-10.3-6-8.5, and IC 5-10.3-6-8.9, all as amended by this act, apply to members who retire after December 31, 2008.

(d) IC 5-10.3-7-4.5, as amended by this act, applies to benefits provided after December 31, 2008, based on out-of-state service credit purchased under IC 5-10.3-7-4.5.

(e) IC 5-10.3-7-4.6, as amended by this act, applies to benefits provided after December 31, 2008, based on service credit for prior service purchased under IC 5-10.3-7-4.6.

1 **(f) IC 5-10.3-7-5, as amended by this act, applies to benefits**
2 **provided after December 31, 2008, based on service credit for prior**
3 **service purchased under IC 5-10.2-7-5."**

4 Renumber all SECTIONS consecutively.
 (Reference is to SB 329 as printed January 25, 2008.)

and when so amended that said bill do pass.

Representative Crawford